

VZCZCXYZ0020
OO RUEHWEB

DE RUEHJM #1620/01 1111527
ZNY CCCCC ZZH
O 211527Z APR 06
FM AMCONSUL JERUSALEM
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1691
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
RHEHNSC/WHITE HOUSE NSC PRIORITY

C O N F I D E N T I A L JERUSALEM 001620

SIPDIS

SIPDIS

NEA FOR FRONT OFFICE; NSC FOR ABRAMS/DORAN/LOGGERFO

E.O. 12958: DECL: 04/20/2016

TAGS: [KPAL](#) [KWBG](#) [PREL](#) [IS](#)

SUBJECT: PALESTINIAN OPINION-MAKERS VOICE DOUBTS ABOUT U.S.
ASSISTANCE POLICY

Classified By: Consul General Jake Walles, per reasons 1.4 (b) and (d).

11. (C) SUMMARY: The Consul General met with a group of ten influential Palestinian contacts on April 20 to explain changes in USG policy following the formation of the new PA government and its rejection of Quartet requirements. Several of the Palestinian interlocutors voiced objections to the USG redirection of assistance and others expressed concern that the new policy would lead to the collapse of the PA. Two of the businessmen present raised the need for re-assurance for the private sector. Some participants suggested that overt USG and GOI opposition to HAMAS actually strengthened the movement. END SUMMARY.

12. (SBU) Palestinian participants: Mazen Sinokrot, former Minister of National Economy; Basem Khoury, Chairman Palestinian Federation of Industries; Nafez Hirbrawi, Chairman PalTrade; Qadura Faris, former Fatah PLC member; Issa Karaka, current Fatah PLC member; Khaled Osaily, businessman, Third Way activist; Suheil Jideon, Chairman, Palestinian-American Chamber of Commerce; Rabiha Diab, Fatah PLC Member; Salih Abu Sineid, Businessman; Lily Fahdi, Deputy Director, Miftah.

PA Collapse, Chaos Possible

13. (C) The Consul General met with a group of ten influential Palestinians from diverse professional backgrounds on April 20 in order to explain the rationale behind recent changes in USG assistance and contact policy, expand our outreach to Palestinian opinion leaders, and elicit reactions from the group. Several participants emphasized that they felt the curtailment of international assistance could lead to the collapse of the PA. Current Fatah PLC member Issa Karaka said the PA's inability to pay civil service and security salaries would likely lead to a complete breakdown of government services. Karaka pointed out that cancellation of infrastructure projects and curtailment of budget support harms the Palestinian people, not just HAMAS. The Consul General emphasized that the US regrets that the PA government has not accepted the Quartet requirements and our expansion of humanitarian assistance is intended to help meet the needs of the Palestinian people.

Political Horizon Essential
for Security, Stability

14. (C) Former Fatah PLC member Qadura Faris argued for the importance of a &political horizon8 for negotiations on

permanent status issues. Faris emphasized that in the absence of hope for a peaceful, negotiated settlement between the PA and the GOI, Palestinians were likely to respond with explosive violence.⁸ Fatah PLC member Rabiha Diab struck a similar theme saying, "When there is desperation, Palestinians naturally sympathize with those who resist."⁸ Merely dealing with the humanitarian needs of the Palestinian will not prevent resurgence in violence, argued Issa Karaka. The USG must find a way to address Palestinian political needs and national aspirations, despite the new political circumstances.

Support the Private Sector

15. (C) Businessman Bassam Khoury noted that USG assistance focused nearly entirely on humanitarian needs and did not include support for the private sector. Khoury said this was a mistake since the private sector accounts for 70 percent of the labor force and is outside HAMAS control. Former Economy Minister Mazen Sinokrot underscored this point, adding that it would be important for USG officials not to make any statements that would make firms and investors anxious about doing business in the West Bank and Gaza. Sinokrot reported that his private sector colleagues are already receiving inquiries from American investors about whether it was legally permissible for them to continue business with Palestinian firms.

USG/GOI Rejection Benefits HAMAS

16. (C) Several of the Palestinian participants argued that any efforts by the USG to undermine HAMAS would only benefit the movement. Businessman Salih Abu Zinaid pointed out that HAMAS benefited from USG and Israeli opposition during the PLC elections and even went as far as to advertise it in their campaign propaganda. Likewise, since the announcement of the curtailment of USG assistance to the PA, HAMAS made gains in important university elections (septel). Qadura Faris made a similar point in regard to the unilateral nature of the GOI convergence plan saying, "HAMAS doesn't want a partner either." Faris argued that Israel's rejection of the PA and decision to sideline Abu Mazen would ultimately strengthen Palestinian leaders who reject Israel.

WALLES